

APPENDIX 2: COMPANY OPERATING PROCEDURES

With reference to the sensitive processes in the special part, section J, called “**Tax related crimes**” we would like to list below, as a further appendix, the operating procedures followed by Boldrocchi and aimed at preventing crimes, pursuant to and so to follow the guidelines requested by the Model.

A) Operating procedures for the supply of goods and services

A.1) Supplier selection and verification of requested price adequacy

1. Request of purchase (ROP) is received by the company system and validated by the project manager in charge of the order, who will then add commercial information. ROP, as well as orders, can be seen by the whole staff, i.e. those who have access to the database, so that further verification is possible, according to a principle of full transparency on company matters.

2. The fact that Boldrocchi buys several and different types of goods with different price ranges creates a difference from one supply process to another, as it concerns completion schedules, although they all follow the procedures mentioned in this document.

3. The adequacy of the price in the ROP is verified by the Purchase Office according to a price history, to the experience of the Purchase Office staff in charge of the ROP, to the type and quality of the goods, also in accordance with its quotation on the market of reference, its specific quality and its use in the specific order/project.

4. Suppliers are chosen, analyzed and traced with the use of a registry, here attached.

5. If a company wants to apply as a new supplier, they have to fill in and send a quality questionnaire that has been drawn by Boldrocchi (attached); a meeting at the supplier's premises is possible in case the offer is interesting or specific (also, in connection with the amount and type of goods). In case the supplier meets the requirements, a request of offer is made. Only when the suggestion of order is accepted and then the deal is closed is the supplier inserted in the official registry.

6. The supplier is verified as follows: a control in the bank circuits, a control of any existing sentence (for any crime related to the pursuance of professional activities or tax related crimes), a possible control on the market and of any references, if present. This is to follow the Company Code of Conduct.

7. All the information gathered on the supplier is to be written in the supplier registry.

8. In this respect, Boldrocchi has recently created a form to be filled in by the supplier (in Italian and English); it is attached to the order and has to be returned upon acceptance.

9. The Purchase Office uses a database that gives information about the suppliers according to the type of their supply, whereas the supplier registry is used only for accounting/administration purposes.

10. The Purchase Office is organised and divided according to the competences of every person in charge; each member has to present any evaluation and/or comment but, in case the verification made by the area in charge is not complete, the supplier will be chosen by the Supply Manager according to quality and quantity convenience criteria.

A.2) Revision and modification of the price

1. In case of price modification (compared to the ROP) for any reason during the commercial relationship the so called “order revision” is made; the reason for the variation is stated on the order revision document.
2. The order revision is checked by the Purchase Office and they can also use them on their own initiative (after verifying its appropriateness, necessity and adequacy), unless the matter exceeds the specific duties of this division; in this case, it is verified by the General Direction. In case the increase is due to any cause that is not connected to the order, the Sales Office is requested to discuss a renegotiation of the contract terms with the final customer.
3. Order revisions are recorded in emails and kept in a specific folder, called “authorised order revisions”. Moreover, they are also checked by the Sales Office as well as by the Purchase Office (and by General Direction in the cases mentioned by paragraph 2), that will record them separately because of this price variation.

A.3) Price verification and payments

1. For price verification, the criteria of market price and market history are used.
2. Payment is made only after verifying that order and delivery correspond to the invoice issued and – finally – after verifying that the job done corresponds to what was requested and that the part issuing the invoice can make their final payment.
3. The Payment Office will pay only after receiving the invoice and mentioning the validated purchase order and the purchase bill, which have to be in accordance with what is mentioned in the previous paragraphs.
4. In some cases, a so called “list of references” (other customers' proof of satisfaction of similar products) is required. This procedure is followed only in case of State tenders; only in this case, when the company supplies what is requested and is paid, a report for positive test is given.

B) Relationship with customers

As it concerns sales management, the procedures below are followed:

1. There is a customer registry, similar to that of the suppliers, to follow the Company Code of Conduct.
2. Each company division has got a Sales Manager and usually the person in charge of a division is also Sales Manager. Each division, therefore, has got an individual relationship with the customer, with the exception of particular cases, for which there is a direct relationship with the Direction. This given the importance of the customer or a long-lasting commercial relationship.
- 3 The Company has got a specific subscription to get information on other companies (in particular, their rating) which is used if requested by the Purchase Office.

C) Pricing

1. When a customer requests an offer, a project is drawn and its costs are calculated in accordance, as well as the general costs for the company and the markup to calculate the right sales price.
2. The company has got a reference book that includes all the instructions from the Direction to the Purchase Office regarding the price calculation of everything that is produced.
3. The company does not accept any payment in cash, so all the transactions are traceable and are made out of a bank account.
4. Once the order for bank transfer is given or payment is received, the traceability and all the corresponding accounting documents concern the Administration Office.
5. As it concerns intragroup relationships, the Company requests and uses the yearly report on transfer pricing drawn by an authorised auditing company (Ernst & Young): this report is stored at the company's premises and inserted (flagging the specific box concerning the evaluation of transfer price) in the electronic declaration, to show that transfer pricing has been evaluated. The report is therefore used by the Administration Office to give proof of intragroup transfers that, according to the Law, have to be appropriate and lawful, pursuant to the current Norms.

D) Sponsorships

1. The Company does not make any sponsorship; advertisement is accepted and paid only for some scientific conferences.
2. Any collaboration with State Universities cannot be considered a sponsorship, as it is a synallagmatic contract. As a matter of fact, Universities give the Company various technical studies that are requested by or may be of use to the Company that then pays for them.